

Leicester
City Council

WARDS AFFECTED: All

**Strategic Planning & Regeneration Scrutiny Committee
Cabinet**

**9 May 2005
13 June 2005**

PLANNING DELIVERY GRANT 2005/2006

Report of the Service Director, Environment

1. Purpose of Report

- 1.1 Leicester has been awarded a Planning Delivery Grant (PDG) of £494,495 for 2005/2006. The purpose of this report is to explain what PDG is, what last year's grant has been used for and how we propose to spend the grant this year. The report has been considered by SPAR Scrutiny Committee for comment. Cabinet are asked to approve these proposals as they are outside the approved budget strategy. This is because the grant is an annual performance related allocation made by the Office of the Deputy Prime Minister as part of a three-year programme. The announcement on the grant this year was not made until the end of March.

2. Summary

- 2.1 PDG is extra money provided to local authorities by the government to help the planning system. Leicester received a grant of £119,000 in 2003/4 and £384,837 in 2004/5. In comparative terms, this year's figure puts Leicester at the upper end of local authorities (90th out of 396 eligible authorities) with awards ranging from zero to just over £1m. This is an improvement on last year's position when Leicester was 123rd. By way of comparison with East Midlands Authorities, Derby received £336k, Northampton £474k and Nottingham £700k. The level of award is based on a complex formula reflecting amongst other things, improvement made in the speed of development control decisions, progress in adoption of an up to date development plan and e-planning initiatives. The Government expects local planning authorities to use awards this year to further improve planning services. This report outlines how last year's grant was spent and proposals for this year.

3. Recommendations

- 3.1 Cabinet is asked to:
- a) confirm that the 2005/06 PDG of £494,945 (plus a carry forward of £36,776 from the PDG award for 2004/05) is spent on planning services and

- b) to give delegated authority to the Corporate Director Regeneration and Culture to utilise the PDG for the purposes outlined in Sections 6, 7 & 8 of the report.

4. Financial Implications

4.1 The 2005/6 award is £494,495, at least 25% (£123,648) has to be spent on capital expenditure. In addition to this there is a balance brought forward from last year of £36,776 making the total available to be £531,271. Details of 2004/5 spend are outlined in paragraph 5 of the supporting information.

4.2 The level of award is linked to improved planning performance so as to incentivise authorities to reach or exceed targets. Whilst the grant is not ring fenced and authorities are free to spend allocations as they see fit, the government has made it clear that authorities will **only** receive further reward if they invest in planning and continue to improve or deliver good performance.
Financial Implications author - Alan Tomlins Head of Finance R&C

5. Legal Implications

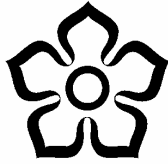
There are no direct legal implications stemming from this report.
Legal Implications author - Anthony Cross Head of Legal Services

6. Report Author

Name: Frazer Robson. Job Title: Service Director
Extension number:7204 e-mail address: Frazer.Robson@leicester.gov.uk

DECISION STATUS

Key Decision	No
Reason	
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



Leicester
City Council

WARDS AFFECTED: All

**Strategic Planning & Regeneration Scrutiny
Cabinet**

**9 May 2005
13 June 2005**

PLANNING DELIVERY GRANT 2005/2006

Report of the Service Director, Environment

SUPPORTING INFORMATION

1. What is Planning Delivery Grant?

1.1 Until the introduction of PDG it was increasingly apparent that the planning system struggled to meet the demands placed upon it by householders, developers, landowners, government and the general public. The speed of development control decisions was deteriorating, development plans were becoming increasingly out of date and the system was inaccessible to many users. At the heart of the problem was resources - not enough money being spent to fund what should be a key public function. In July 2002 the Deputy Prime Minister announced that a new grant would be introduced to start to address this problem. In total some £350M has been made available over the 3 years 2003/6 to local authorities to help them improve the planning system.

2. How is the level of PDG determined?

2.1 PDG allocations are based on a number of criteria. These include a planning authority's performance in respect of development control and development plans and a measure of the quality of the authority's planning service. Additional allocations are made to areas of the country where major growth is expected (e.g. Milton Keynes), to authorities with significant levels of deprivation and in relation to e-planning initiatives. The key to achieving a relatively high level of grant is *improvement* over the previous year. Although the criteria for future PDG allocations are not yet known they are likely to be similar to previous years. In terms of the speed of development control, our 2003 and 2004 performance figures for schemes determined within specified time scales (compared with national targets) are set out in Table 1.

Table 1 Performance Figures

	2003	2003 Target	2004	2004 Target
Major Schemes	40%	60%	54%	60%
Minor Schemes	69%	65%	78%	65%
Other Schemes	76%	80%	82%	80%

2.2 There has been an overall improvement in development control performance. Two of the development control performance targets have been met. Only the major schemes target was not met although performance for the last year was an improvement on the previous year. Progress has also made in meeting some of the e-government targets. Substantial progress has been made with the Replacement City of Leicester Local Plan and with the preparation of the Local Development Scheme.

3. How much has the authority been awarded for 2005/6?

3.1 Leicester's PDG allocation for 2005/06 is £495,495. This reflects the improvements outlined above. The Office of the Deputy Prime Minister indicated that an additional £52,000 will be awarded to authorities (including Leicester) who submit a satisfactory Local Development Scheme by an appointed date. However this has yet to be confirmed.

4. How can the grant be spent?

4.1 The Government has given local authorities considerable discretion on how they might use these additional funds to improve planning performance. However there is for the first time a requirement that "at least 25%" of the grant be spent on capital projects. The grants are not ring fenced. However, the Government has made it clear that, "authorities will only receive further reward if they invest in planning to improve both the speed and quality of the service they offer. The PDG will further incentives performance and reward the authorities who deliver improvement." (Planning Minister Keith Hill, March 2004).

5. How did we spend it last year?

5.1 Table 2 shows a breakdown of last year's PDG spend:

PDG 04/05	£384,837	
PDG carried forward from 2003/04	£ 13,701	
TOTAL	£398,538	
Costs met from grant		
Recruitment and Retention Package	£100,000	25%
Additional staffing costs	£167,340	42%
Miscellaneous	£ 2,094	0.5%
Additional training costs	£ 4,520	1%
IT Costs and computers	£ 48,235	12%
Scan file works and support	£ 8,552	2%
Accommodation works	£ 21,421	5.5%
Critical Friend	£ 10,000	3%
TOTAL	£362,162	91%
Balance to be carried forward to 2005/06	£ 36,776	9%

6. **How do we propose to spend PDG for 2005/6?**

6.1 Spend of PDG must be related to ensuring that we maintain our development control performance but also meet the one development control target (for major schemes) which we did not meet last year. Continued progress to meet Development Plan and e-government targets must be maintained. Officers have also had regard to the need to continue many of the successful measures initiated last year. It is important that we do what we can to recruit and retain staff. Additional staffing resources are needed in Development Control, Urban Design and Development Plans and this must remain a priority. There is also a continued need to use specialist staff and advisers where such expertise is not available within the Council. Continued ICT improvements to meet our e-government needs are also essential.

6.2 The provisional findings of work undertaken by planning expert Les Sparks, a 'Critical Friend' brought in in November 2004 to assess the Planning Service in Leicester have also been considered in the proposals for this year. A separate report on his findings will be prepared in the summer. Drawing on these considerations, a number of factors are relevant when considering just how this year's grant should be spent:

- (i) Immediate requirements for Local Development Documents to be prepared with greater community involvement under the new Planning and Compulsory Purchase Act.
- (ii) The need to exploit IT more fully.
- (iii) The need to maintain and improve our Development Control performance.
- (iv) Getting better designed schemes to improve the city's image, encourage inward investment, promote safety and foster civic pride.
- (v) More sustainable development through resource and energy conservation.
- (vi) The need to respond to and resolve outstanding problems brought about by increased development pressures, especially those encouraged by LRC activity.
- (vii) Working in partnership to help deliver effective planning at the regional and sub regional level.
- (viii) The need to strengthen the customer focus of the service

6.3 We propose to tackle these key areas with the help of PDG by a combination of measures, some of which are a necessary continuation of initiatives taken last year and some of which are new:

7. **Revenue Budget - £408,000 (including £37,000 carried forward from 2004/5)**

7.1 Continue the employment of additional staff. Three members of staff have been added to the Development Control Group to help alleviate the pressure caused by increasing numbers of planning applications and three graduate trainee planners have been recruited across the Planning groups along with a student planner and a landscape architect. Additional support was also brought into the Traffic Group to help with Development Control consultations. Given the long standing national shortage of planners and the fact that almost every planning authority in the country was also looking to appoint new staff using

PDG, this has been a very welcome success. This will help to deal with elements of 1) 3) 4) 6) and 7) above. In total approximately 48% of the grant will be used in this way. Given the difficulties of recruiting staff, it is sometimes necessary to appoint staff on a permanent basis. It is not normal to fund permanent staff from short-term grants but without this approach it would be very difficult to recruit. If funding is not continued in the future, funding for these posts will have to be met by savings elsewhere in the planning service or by PDG funded staff moving to main programme posts when they become available as other staff leave.

- 7.2 Continue to retain existing staff. With so many new jobs coming onto the market it is inevitable that existing planning staff may be tempted to seek improved salaries/promotion elsewhere. To counter this, it is sensible to again offer a retention package, payable at the end of the financial year. This package is also designed to reward good performance – indeed it is only payable because of the good performance achieved last year. It addresses some existing salary anomalies (bringing them into line for example with competing authorities such as Nottingham), and provides staff with a financial incentive both to remain with the authority and to work even harder to secure PDG for next year. Evidence suggests that this has been a successful measure. During 2002/03 before any retention measures were taken 11 staff left. During 2003/04 when a package was first introduced only 3.5 staff left, with the same number leaving in 2004/05. This measure provides some insurance against the loss of key personnel and will therefore contribute to all the factors 1) to 8) outlined above. Continuing this could account for up to 25% of the grant. During this year a more targeted reward scheme will be developed where staff or staff teams who consistently perform well will be rewarded.
- 7.3 Use of specialist staff and advisors. In some circumstances a limited use of specialist staff and advisors can be the most effective and efficient way of delivering specific pieces of work. With uncertainty about the levels of future national PDG settlements, it is likely to become even more difficult to recruit to certain posts, especially in very specialised work areas like developer contributions and regional/sub regional planning and when recruitment may be on a non permanent basis. Some outsourcing, for example in the production of Supplementary Planning Documents and in providing expertise in negotiating and monitoring 'Section 106' agreements, is likely to be needed. These will help to address factors, 1) 3) 4) 6) 7) and 8). They are expected to account for about 25% of the grant.
- 7.4 Additional training for staff and members. This would help to ensure that staff and members work as effectively as possible. It will therefore contribute to all the factors 1) to 8) outlined above. Approximately 2% of the grant.
- 8. Capital Budget - £124,000**
- 8.1 Although the precise final settlement figure is yet to be determined, the new requirement to spend at least 25% of PDG on capital items means that at least £124k should be budgeted against capital projects.

- 8.2 The first call on this budget (addressing (2) above) should be further improvements to ICT capability. Greater electronic access to the planning system is an important Government objective and additional resources will help to meet our e-government requirements. I anticipate that by the end of the year it will be possible to make and view planning applications on-line and have easy to use access to local plan information. This is likely to account for 35% of the capital budget.
- 8.3 The budget can be used to pay external professional fees associated with capital projects (such Riverside improvements). This will 'free up' resources that can be used to fund the additional costs associated with the production of the new system of SPDs. This could account for 15% of the budget.
- 8.4 The remaining 50% of the budget has not yet been earmarked. One possibility would be to use it to help improve planning reception facilities for the public on the ground floor of A Block. This idea however is dependent on progress on a more wide ranging project to reorganise corporate reception facilities. Another option would be to improve the meeting room arrangements on the 8th floor of A Block. A third option would be its use in seeking to widen public access to on-line planning information by increasing the number of public terminals (in libraries and other public buildings).

Table 3 Summary of intended approximate PDG Spend 2005/06

	Revenue	Capital	Total
Additional Staff	£198,000 (48%)		
Staff Retention	£100,000 (25%)		
Specialist Staff	£100,000 (25%)		
Training	£ 10,000 (2%)		
IT Improvements		£ 43,000 (35%)	
Capital Project Fees		£ 19,000 (15%)	
As yet Undetermined		£ 62,000 (50%)	
	£408,000 (100%)	£124,000 (100%)	£532,000

9. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

9.1 *Financial Implications*

The 2005/6 award is £494,495, at least 25% (£123,648) has to be spent on capital expenditure. In addition to this there is a balance brought forward of £36,776 making the total available to be £531,271.

Details of 2004/5 spend are stated in paragraph 5 of the supporting information.

The level of award is linked to improved planning performance so as to incentivise authorities to reach or exceed targets. Whilst the grant is not ring fenced and authorities are free to spend allocations as they see fit, the government has made is clear that authorities will **only** receive further reward if they invest in planning and continue to improve or deliver good performance.

Financial Implications author - Alan Tomlins Head of Finance R&C

9.2 *Legal Implications*

There are no direct legal implications stemming from this report.

Legal Implications author - Anthony Cross Head of Legal Services

9.3 Other Implications

OTHER IMPLICATIONS		PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	No	
Policy	Yes	6. (1)
Sustainable and Environmental	Yes	6. (4 and (5)
Crime and Disorder	Yes	6. (3)
Human Rights Act	No	
Older People on Low Income	No	

Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity L/M/H	Control Actions (if necessary/or appropriate)
Deterioration of Planning Services and loss of future PDG monies.	H	H	Implementation of the actions described in Section 7 will significantly reduce the risk.

10 Background Papers – Local Government Act 1972

Notification from Office of the Deputy Prime Minister of the Planning Delivery Grant allocation, April 2005.

11 Consultations

Consultee	Date Consulted
Head of Finance R&C	28/04/05
Legal Services	28/04/05

12 Report Author

Frazer Robson Job Title: Service Director
 Extension number: 7204
 e-mail address: Frazer.robson@leicester.gov.uk